

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EA-06 EUR-12 NEA-09 IO-10 ISO-00

CIAE-00 COME-00 DODE-00 DOTE-00 FMC-01 INR-07 NSAE-00

CG-00 OFA-01 DLOS-03 SP-02 AID-05 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02 H-02 PA-01

PRS-01 USIA-06 TAR-01 XMB-02 FRB-03 OPIC-03 LAB-04

SIL-01 /129 W

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P R 070927Z MAY 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC PRIORITY 3075

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY OSLO

AMEMBASSY PANAMA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY STOCKHOLM

AMEMBASSY HELSINKI

AMEMBASSY ATHENS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

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E.O. 11652: N/A

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TAGS: EWWT, RP

SUBJECT: SHIPPING: PHILIPPINE DISCRIMINATORY MEASURES,
PRESIDENTIAL DECREE 667

REF: STATE 103431

1. COMATT DISCUSSED PRESIDENTIAL DECREE 667 WITH ERNESTO TULLID, CHIEF OF AMERICAN ECONOMIC AFFAIRS IN DFA, WHO QUICKLY VOLUNTEERED THAT PD 667 IS UNDER "RE-STUDY" AND THAT DECREE IS NOT BEING IMPLEMENTED. TULLID WAS INFORMED THAT FEDERAL MARITIME COMMISSION WAS PLANNING TO PUBLISH PROPOSED "SECTION 19" RULE WHICH WOULD PROBABLY REQUIRE THAT AN ADDITIONAL FEE BE PAID TO U.S. TREASURY ON CARGOES RECEIVING BENEFITS OF PD 667. ECONOMIC/COMMERCIAL COUNSELOR ALSO PLANS TO DISCUSS MATTER FURTHER WITH FINANCE SECRETARY VIRATA THIS WEEK.

2. TULLID'S ASSURANCE THAT PD 667 NOT BEING IMPLEMENTED IS BORNE OUT BY DISCUSSIONS WITH SHIPPING AGENTS. HIS DISCLOSURE OF "RE-STUDY" INDICATES THAT DIPLOMATIC REPRESENTATIONS ARE HAVING THEIR EFFECT. JAPANESE, GERMAN AND SWEDES (SPEAKING FOR FOUR NORDIC COUNTRIES) HAVE JOINED US IN FORMAL APPROACHES. INDEED, GERMAN AMBASSADOR RAISED MATTER WITH SECRETARY ROMULO ON APRIL 9 AT AIRPORT AS THEY WERE WAITING FOR ARRIVAL OF ROMANIAN PRESIDENT CEAUSESCU.

3. WE UNDERSTAND THAT PD 667 WAS ISSUED WITHOUT CLEARANCE FROM MAJOR ECONOMIC AGENCIES OF GOVERNMENT. BOARD OF INVESTMENTS HAS TAKEN POSITION THAT PD 667 MAY ADVERSELY AFFECT PHILIPPINE TRADE, AS THERE ARE NOT ENOUGH PHILIPPINE BOTTOMS AND DECREE MAY INVITE RETALIATION OR SIMILAR MEASURES OF DISCRIMINATION FROM OTHER COUNTRIES. BOI POSITION WAS REPORTED IN TIMES-JOURNAL ON APRIL 27.

4. WE WOULD HOPE THAT FMC DOES NOT ACTUALLY PUBLISH PROPOSED "SECTION 19" RULE AT THIS TIME. PD 667 IS NOT BEING IMPLEMENTED AND IS LIKELY TO REMAIN DEAD LETTER. ACTUAL PUBLICATION, APART FROM MILEAGE ALREADY GOTTEN OUT OF OUR STATED INTENTION TO DO SO,
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WOULD SERVE NO USEFUL PURPOSE. BESIDES, BENEFITS

OF PD 667 WOULD BE DIFFICULT TO UNCOVER AS THEY RELATE TO TAX DEDUCTIONS IN YEAR FOLLOWING SHIPMENTS. EVIDENCE OF BENEFITS WOULD BE IN TAX FORMS FILED WITH PHILIPPINE BUREAU OF INTERNAL REVENUE.
SULLIVAN

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Disposition Remarks:
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